



SITKA ECONOMIC DEVELOPMENT ASSOCIATION

329 Harbor Drive, Suite 212 ★ Sitka, Alaska 99835 ★ (907) 747-2660 ★ fax (907) 747-7688 ★ www.sitka.net

SEDA Strategic Plan 2008-2012

**Adopted by the SEDA Board
December 6, 2007**

Mission Statement

The Mission of the Sitka Economic Development Association is:

- Foster a business climate that is receptive and conducive to existing and new business.***
- Help promote the creation of family wage jobs.***
- Enhance the quality of life for Sitkans.***

PART ONE - INTRODUCTION

This Strategic Plan was initially formulated by the SEDA Board at a planning retreat held at the Sawmill Cove Industrial Park (SCIP) in July 2006. In November 2007, the SEDA Board met again in a half-day retreat to evaluate the plan, current issues and priorities. Both meetings were facilitated by Barbara Sheinberg of Sheinberg Associates, Juneau Alaska.

The Plan is divided into four parts:

- Part ONE is an introduction and a short summary of key indicators of the recent performance of Sitka's economy.
- Part TWO documents some of SEDA recent accomplishments.
- Part THREE lists the SEDA Board's seven top priorities to accomplish during the next five years, 2008-2012.
- Part FOUR lists SEDA Action Items, with brief explanations of the goal or purpose, as developed by the Board on November 13, 2007.

Sitka Economic Summary 2006-2007

Sitka's Economic Trends

Year	Population	Total Employed (average annual)	Payroll (yearly earnings)	Annual Gross Business Sales
2000 Southeast Region	73,082	36,250		
2006 Southeast Region	70,053	36,850		
1995 Sitka	8,650	3,825	\$104 million	\$204 million
2000 Sitka	8,835	4,082	\$117	\$222
2004 Sitka	8,818	4,265	\$137	\$315
2006 Sitka	8,833	4,409	\$148	\$371
<i>Sources: ADOLWD; City and Borough of Sitka, Finance Dept; compiled by Sheinberg Associates. Note that payroll and employment data does not include the self employed or fishers.</i>				

2006 Average Monthly Wage

Region	Average Monthly Wage
Statewide	\$3,445
Anchorage	\$3,668
Juneau	\$3,250
Ketchikan	\$2,993
Sitka	\$2,806
<i>Source: ADOLWD, compiled by Sheinberg Associates</i>	

Sitka Average Employment by Sector, 2005-2006

Employment Sectors	Average Monthly Employment	
	2005	2006
Total Government	1,188	1,182
Federal Government	207	188
State Government	339	346
Local Government	641	649
Private Ownership	3,231	3,227
<i>Goods-Producing</i>	563	558
Natural Resources & Mining	27	46
Construction	247	236
Manufacturing	289	276
Seafood Manufacturing	207	217
<i>Service-Providing</i>	2,668	2,669
Trade, Trans. & Utilities	844	843
Information	43	41
Financial Activities	130	153
Professional & Business Services.	134	136
Educational & Health Services.	855	851
Leisure & Hospitality	503	472
Other Services	159	158
Unclassified Establishments	-	18
Total Industries	4,419	4,409
<i>Source: ADOLWD, compiled by McDowell Group</i>		

Over the past year there have been significant changes in Sitka's economy, including closure of a major employer, staffing reductions at key organizations, and creation of substantial new businesses at Sawmill Cove Industrial Park. (SCIP) These changes will impact future economic opportunities in Sitka.

SEDA retained the McDowell Group to evaluate the employment impacts of these changes. The McDowell Group conducted interviews with executives in Sitka to develop an understanding of the employment impacts of these industry changes. There has been both job loss and job creation in Sitka in recent months. Following is a summary of recent changes, by organization, based on those interviews.

- Northern Southeast Regional Aquaculture Association currently employs 23 full-time, year-round staff with 10 to 15 extra seasonal staff in the summer. A new facility under construction at SCIP may add two employees.
- Sheldon Jackson College recently suspended operations. As of November 30, 2007 all Sheldon Jackson staff will be laid off—a total of 109 full and part-time employees. Officials are looking for other operators for the Hames PE Center, the child care center, and the Sheldon Jackson Hatchery.

- SEARHC is reducing employment in the region. It is expected to reduce employment by 60 full-time employees region-wide, with 40 from Sitka. Half of the positions cut in Sitka are currently unfilled. The other half will result from active lay-offs. SEARHC is the largest employer in Sitka, with approximately 400 workers in 2006.
- The new seafood plant, Silver Bay Seafoods, was completed in 2007. During the construction 25 Silver Bay employees and 50 to 60 contractor employees worked on the \$10 million project. Processing of salmon started on June 17, with 170 seasonal workers were employed, including 12 Sitka residents. Silver Bay also employs 10 full-time, year-round employees, six of whom moved to Sitka for the jobs. Silver Bay processing activity prompted Alaska Marine Lines to hire two drivers to keep up with the new freight demand.
- U.S. Forest Service officials expect the Tongass National Forest operating budget to decline 30 percent in coming years. If this occurs, it is expected Sitka will lose five positions by 2010. In the last year, six employees have left and those positions will not be filled.
- Employment has been steady at Sitka Community Hospital. The employment outlook for the hospital is no significant change.
- Current estimates for student enrollment in the Sitka School District show a decline by over 100 students since last year. Enrollment figures will impact the school district's budget and employment for the 2008/2009 school year.

Within the scope of the McDowell Report, it was not possible to identify all job losses and gains in the Sitka economy. Some Sitka employers have been or may be forced to lay off portions of their current workforce; others have vacant positions that will not be filled. Approximately 155 positions have been lost in education, health care, and government. Over the next few years, more positions may be lost as a result of budget reductions. At the same time, there have been developments in the seafood industry which will result in new seasonal jobs in Sitka. A total of 10 full-time positions and 170 seasonal positions were added in the seafood sector. The new processing plant also impacted local service businesses including one business that hired two new employees to service the new facility. Total employment figures may stay constant from year to year. However, there is a shift in employment opportunities from full-time livable wage positions to part-time lower wage seasonal positions.

PART TWO - RECENT SEDA ACCOMPLISHMENTS

(A snapshot of a few highlights from 2005 to 2007)

1. Supported the Long Range Planning Commission affordable housing study which lead to the City Housing Manager position.
2. Provided a “total project” plan for the Benchlands.
3. Assisted the development of the Tourism Plan by providing funding and SEDA Board member direct involvement.
4. Negotiated leases at the Sawmill Cove Industrial Park with NSRAA, Baranof Frozen Foods, and Stikine Holdings. (Silver Bay Seafoods).
5. Developed design concepts for a multi-use dock at Sawmill Cove.
6. Participated in key meetings with the State, Alaska Airlines, and the City regarding expansion of the Sitka airport and airport terminal.
7. Facilitated dialog between Sitka fish exporters and Alaska Airlines regarding an increase in air lift capacity for fresh fish.
8. Provided development concepts to the Sheldon Jackson College Board of Trustees regarding future uses of the college campus and land holdings.

PART THREE - SEDA STRATEGIC PLAN PRIORITIES

(listed in random order)

1. Enhance marine facilities at Sawmill Cove Industrial Park (SCIP).
2. Rehabilitate or replace the old pulp dock at SCIP.
3. Open the Benchlands property.
4. Support development of affordable housing.
5. Expand the airport terminal.
6. Support growth of Sitka’s hydroelectric and other renewable energy generation capacity.
7. Hold semi-annual forums to explore topics important to Sitka’s economy.

PART FOUR - ACTIONS ITEMS

SEDA has four major categories of action it works to accomplish:

- Economic Development
- Affordable Housing
- Transportation
- Community Relations and Education

Action Items for each category now follow. A simple list is presented first, followed by some explanation and detail.

ACTION ITEMS - SUMMARY LIST

Economic Development

1. Enhance marine facilities at Sawmill Cove Industrial Park.
2. Rehabilitate or replace the pulp dock at Sawmill Cove Industrial Park.
3. Support growth of Sitka's hydroelectric and other renewable energy generation capacity.
4. Optimize outcome of Sheldon Jackson College reorganization/reuse.
5. Promote bulk water sales.
6. Promote ecotourism.
7. Increase vessel moorage both public and private.
8. Expand vocational training.

Affordable Housing

1. Open the Benchlands property.
2. Support development of affordable housing.

Transportation

1. Expand the Sitka airport, including a cool room, new terminal building and other transshipment growth.
2. Increase air freight capacity for fresh fish export.
3. Facilitate meetings that explore alternative public marine transportation solutions
4. Unify Borough, Sitka Tribe and SEARHC transportation goals.
5. Organize a Northern Panhandle transportation summit meeting.

Community Relations and Education

1. Hold bi-annual forums to explore topics important to Sitka's economy.
2. Promote macro economics education for the Sitka public.
3. Educate the public about Sawmill Cove Industrial Park.

ACTION ITEMS - REVIEW WITH DETAIL

Economic Development

1. Enhance marine facilities at Sawmill Cove Industrial Park.

- Develop a Marine Service Center at SCIP.
 - ✓ Publicize results of SEDA's recent survey of marine users in conjunction with a community forum.
 - ✓ Complete a mini-design for Marine Service Center at SCIP, to include boat haul out.
 - ✓ Issue RFP to seek private sector interest.
- Construct a multi-purpose dock at SCIP.

2. Rehabilitate or replace the pulp dock at Sawmill Cove Industrial Park.

3. Support growth of Sitka's hydroelectric and other renewable energy generation capacity.

ISSUE: The price of oil now makes heating with electricity more affordable than oil. New development designed for electric heat and building retrofits will increase demand on Sitka's hydroelectric capacity.

- Adhere to plans for orderly growth of capacity.

4. Optimize outcome of Sheldon Jackson College reorganization/reuse.

- Assist with developing a vision for the core campus that benefits Sitka.
- Promote Sheldon Jackson Trustee-community dialogue.

5. Promote bulk water sales.

6. Promote ecotourism.

- Retain a seat on the Sitka Tourism Committee.

7. Increase vessel moorage both public and private.

8. Expand vocational training.

Affordable Housing

1. Open the Benchlands property.

- Development costs are higher than anticipated. Strategies to proceed must be identified as development of housing and this land are important to Sitka's future. Cost for project elements that benefit more than the subdivision (e.g. water tank) should not be paid solely by future lot owners.

2. Support development of affordable housing.

ISSUE: Lack of affordable housing is preventing workers from moving to town and forces workers and young families to leave; this is an economic development issue.

- Increase the availability of rental properties.
- Devise a program so that some of Sitka's 600-700 aging trailer units remain affordable.
- Support BIHA and THRHA housing projects.
- Support Sitka Borough actions relating to housing.
- Articulate that research shows success in developing and keeping affordable housing depends on long-term public sector involvement.

Transportation

1. Expand the Sitka airport, including a cool room, new terminal building and other transshipment growth.

- Support ongoing private sector conversations to achieve airport expansion among fish processors, air carriers, air ambulances, those that need hangars etc.
- Explore whether Port Authority management could enhance airport revenue.

2. Increase air freight capacity for fresh fish export.

3. Facilitate meetings that explore alternative public marine transportation solutions to the current AMHS, with the goal of improving service from Sitka to outlying ports.

- Investigate the advantages and disadvantages of establishing a Port Authority for a Sitka based ferry.

ISSUE: State financial support for the AMHS is at risk. A basic level of state support should be defined to provide certainty and fulfill government's role to provide public highway service in Southeast Alaska. Regional private or public ferry systems, ferry terminals and roads will likely each be a part of a long term sustainable system. Several alternative concepts exist; all must meet the challenge of working out labor issues and contracts. Sitka's ferry related economic development and cultural needs are to:

- ✓ Improve service to and from Juneau so residents can catch the mainline ferry, student athletes can travel for school sports (Sunday ferry from Juneau to Sitka especially needed), and to improve access to the capital and the region's largest city and 'big box' retail center.
- ✓ Improve service to and from surrounding communities so patients can easily get to SEARHC, to facilitate cultural exchange, and allow Sitka to better serve as a regional shopping hub.
- ✓ Facilitate transport of fresh fish to the road system.
- ✓ Facilitate visitor access, especially those with vehicles.
- ✓ Support Allen Marine, a major Sitka business.

4. Unify Borough, Sitka Tribe and SEARHC transportation goals.

5. Organize a Northern Panhandle transportation summit meeting.

Community Relations and Education

1. Hold bi-annual forums to explore topics important to Sitka's economy. Suggestions for 07/08 are:

- Forum on Marine/Fisheries Support, in conjunction with release of the marine support survey results and with an invited panel to discuss issues and ideas.
- Forum in conjunction with release of updated Sitka Indicators.

2. Promote macro economics education for the Sitka public.

- Target education efforts and materials to speak to differing audiences such as elementary and secondary students, supporters, Sitka's 'old-timers,' and those that often support 'no growth' positions, as well as the general public.
- Consider participating in established school based programs such as Junior Achievement, Alaska Banking Assoc program, school-to-work programming, and volunteering as speakers/panelists.

3. Educate the public about Sawmill Cove Industrial Park

- Hold an annual spring open house at SCIP, invite the media.